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UNCLAS SECTION 01 OF 05 YEREVAN 000189

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COMMERCE FOR 3150/PBRADLEY/BSMITH
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EMBASSIES - PLEASE PASS FCS
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E.O. 12958: N/A

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SUBJECT: IMI (ARMENIA): HOW TO ESTABLISH AN OFFICE IN ARMENIA

SUMMARY

1. This cable explains the process of opening a business in Armenia. It describes the varieties of corporate structures under Armenian law, the process of establishing and registering companies with foreign participation, and the practical aspects of renting office space, hiring personnel, and obtaining government licenses. It also provides key contacts and useful web resources. End Summary.

LEGAL FORMS OF BUSINESSES

2. Foreign investors may choose from a range of legal entities through which to do business in Armenia. Foreign investors can establish a legal company under Armenian law, open a branch or representative office of a company established under foreign law, or acquire shares in an existing business.

3. The Civil Code of the Republic of Armenia, provides for the following types of legal entities:

- Sole proprietorship
- Limited Liability Company
- Joint-stock company
- General partnership
- Limited partnership
- Commercial cooperative

4. Most small and medium-sized businesses in Armenia are sole proprietorships, limited liability companies or closed joint-stock companies. The majority of foreign investors register limited liability companies and joint-stock companies.

5. According to the Armenian legislation, an enterprise or entrepreneur may not conduct business without a registration certificate from the State Registry. For this, the following documents must be provided:

- Application for the registration;
- The minutes of the meeting founding the company;
- In case one of the founders is also legal entity, a formal decision by that company to participate in the subsidiary company;
- In case one of the founders is foreign legal entity, the documents proving its judicial status, as well as its founding documents;
- Two copies of the company's charter; and
- Receipt for payment of state duties.

6. Enterprise registration also requires registration with the Intellectual Property Agency, the tax authorities, and the Social Security Fund.

7. Registration Procedures:

Step 1. Pay (at any commercial bank) state duties for:
a) Registering a legal entity;
Fee: AMD 12,000 (approximately USD 24)
b) Registering the company name.
Fee: AMD 5,000 (approximately USD 10)

Step 2. Register company name at the Intellectual Property Agency by submitting an application to State Registry. This should take about 2 days.

Step 3. Translate and notarize the founders' documents. Prepare and sign the incorporation documents.

Step 4. Open a temporary bank account. The bank will give you a verification document that you should include in your registration packet. Depending upon the type of the company, the following amounts should be deposited as the charter capital:

-- Limited Liability Company - AMD 50,000
(approximately USD 100)

-- Closed Joint-Stock Company - AMD 100,000
(approximately USD 200)

-- Open Joint-Stock Company - AMD 1,000,000
(approximately USD 1,000).

Step 5. Submit the registration application to the regional branch of the State Registry. Registration can take up to five days, after which you can collect the registration certificate from the State Registry.

Step 6. Register at Armenia's Tax Service to get a tax identification number (TIN). You will need to submit a copy of your company charter and identification documents. Registration normally takes 1-2 business days. There is no fee.

Step 7. Register with Armenia's Social Security Fund. You must do this within 30 days of registering with the State Registry or you could face penalties. Be sure to take a copy of your registration certificate, your company charter, and your Tax Identification Number. There is no fee and you can usually get the social security registration certificate on the spot.

Step 8. Obtain permission from the local police departments to apply for a company seal. Take your completed application form, Certificate of State Registration, Charter, Tax Identification Number, and bank receipt for payment of State Duty for requesting a seal. Permission should take one day. Fee: AMD 6,000 (approximately USD 12) plus banking fee.

Step 9. Order your company seal at "Seal" JSC. Duration: 1-30 days depending on design and price. Fee: order completion within several hours AMD 21,500 (approximately USD 43); two-day service costs AMD 15,500 (approximately USD 31).

----- LICENSING -----

18. Many businesses require state licenses. The Law on Licensing outlines two types of licensing procedures -- simple and compound. The Ministry of Finance and Economy provides simple license within 3 days of receiving application. If you need a compound license you must submit a request to the agency that oversees your activity. If your license is not rejected after 30 days, you can begin your business activity.

----- LEGAL SERVICES -----

19. To simplify the process of registration and avoid complications, you may want to use the services of a local legal consulting firm. A list of consulting and law firms operating in Armenia is available on BISNIS website:

www.bisnis.doc.gov/country/armenia.cfm

----- USEFUL WEB RESOURCES -----

10. Foreign investors may obtain the information on different aspects of establishing a business in Armenia accessing the following local web resources available in English:

Social Security Registration	www.mss.am
Investor Entry	www.armeniaforeignministry
Licensing	www.aviation.am www.rcnm.am www.mfe.gov.am
Licensing and Real	

Estate issues
www.cadastre.am

Privatization of land www.privatization.am

Tax-related issues www.taxservice.am

Customs www.customs.am

Certification www.sarm.am

OFFICE SPACE RENTAL

11. Office space is widely available in Yerevan.
Businesses may choose from among the following types of rentals:

-- Two or three storey renovated private houses, centrally located with air conditioning and several telephone lines. The monthly rental price for this kind of office space is between USD 10 to 15 per square meter.

-- Office space available in former or current state institutions, buildings of the Academy of Sciences, or commercial space in ordinary apartment buildings rent for USD 5 to 12 per square meter.

-- Specialized business centers and hotels lease modern office space with air conditioning, multiple telephone lines and Internet access, security systems, backup electric generators, parking lots, reception and secretarial support. The largest providers are the AUA

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Business Center, SIL Group, Grant Thornton Amyot, Hotel Marriott Armenia, Hotel Yerevan, and Ani Plaza.
Such office spaces costs between USD 15-20 per square meter monthly.

CONTACTS

Real Estate Agencies

AL Tandem
Tel: (374-1) 589-936
E-mail: altandem@mail.com
Website: www.altandem.am

Madatyan and Sons
Tel: (374-1) 544-666
Website: www.mrealty.nt.am

Bars
Tel: (374-1) 561-411
Fax: (374-1) 523-082
E-mail: info@bars.am
Website: www.bars.am

HIRING PERSONNEL

12. Companies may find local qualified staff via:

-- Recruiting agencies operating in Yerevan. Their services include personnel search and consulting services on the labor market.

-- Advertisements in local media; and

-- Website of the local NGO Career Center:
www.careercenter.am (post job announcements for free).

Average salaries for qualified specialists, net
USD/month:
IT sector:

Director, CEO, Head of branch	1,500 - 4,000
Programmer	300 - 900
System administrator	300 - 800
Accountant, HR specialists	400 - 1,200

Other sectors:

Regional representative	800 - 1,500
Sales manager	600 - 800
Office manager	200 - 400
Secretary	100 - 150

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CONTACTS

Tanger Recruiting Agency
33 Moskovyan Street
Suite 26
Yerevan-02
Tel: (374-1) 531-892
E-mail: tanger@netsys.am
Website: www.tanger.am

Accept
4 Byron Street
Suite 5
Yerevan-09
Tel: (374-1) 584-945
E-mail: accept@port.am

Career Center NGO
56 Komitas Avenue
Yerevan-51
Tel: (374-1) 234-739
Fax: (374-1) 241-149
E-mail: mailbox@careercenter.am
Website: www.careercenter.am

OTHER USEFUL CONTACTS

Ministry of Justice of Armenia
8 Khorhrdarani Street
Yerevan-10
Tel: (374-1) 582-157
E-mail: justice@justice.am
Website: www.justice.am

State Registry Agency under
the Ministry of Justice
15 Grigor Lusavorutch Street
Yerevan-10
Tel: (374-1) 524-516

Small & Medium Entrepreneurship
Development National Center (SME DNC)
5 Mher Mkrtchyan Street,
Yerevan-10
Tel: (374-1) 541-648
Fax: (374-1) 541-642
E-mail: info@smednc.am

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